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Message Text

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41
ACTION EB-06

INFO OCT-01 ARA-06 EUR-08 ISO-00 L-01 CIAE-00 COME-00

DODE-00 DOTE-00 FMC-01 INR-05 NSAE-00 RSC-01 CG-00

COA-01 DLOS-03 SWF-01 PA-01 USIA-06 PRS-01 SP-02

AGR-05 TRSE-00 OES-03 AID-05 FRB-01 XMB-02 OPIC-03

CIEP-01 LAB-01 SIL-01 OMB-01 NSC-05 SS-15 STR-01

CEA-01 AEC-05 FEAE-00 FPC-01 H-01 INT-05 PM-03 SAM-01

CAB-02 FAA-00 SAJ-01 ACDA-05 /113 W
---------- 105619
R 241046Z OCT 74
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 3810
AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A
TAGS: EEWT, UR, AR
SUBJECT: SOVIET-ARGENTINE TRADE AGREEMENT (PROTOCOL)

REF: MOSCOW 14518

1. EMBASSY HAS OBTAINED FROM ARGENTINE EMBASSY SOURCE COPY OF SOVIET-ARGENTINE AGREEMENT REACHED AT SEPTEMBER MEETING OF JOINT COMMERICAL COMMISSION MOSCOW (REFTEL). COPIES OF SPANISH TEXT AGREEMENT BEING POUCHED UNDER COVER AIRGRAM TO DEPARTMENT AND BUENOS AIRES.

2. MAIN POINTS OF AGREEMENT ARE (ROUGH TRANSLATION):
A) ENERGY EQUIPMENT: WORK PROGRAM AGREED ON AND PROTOCOL SIGNED FOR TRNASMISSION LINE SAN NICOLAS-BUENOS AIRES AND TWO SUBSTATIONS OF 500 KV. ARGENTINA WILL PUR-
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CHASE, IF TERMS ARE ACCEPTABLE, MATERIAL FROM THE USSR

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WHICH ARE NOT PRODUCED IN ARGENTINA. A CONTRACT WILL BE SIGNED FOR SOVIET PROVISION OF TURBINES AND GENERATORS FOR LUJAN DE CUYO CNETRAL STATION. THE PARTIES ALSO DISCUSSED THE SUPPLY OF TURBINES AND GENERATORS FOR CENTRAL STATIONS AT SAN NICOLAS AND SEGBA 7. SOME EQUIPMENT FOR CONETRAL STATIONS TERMINALS WILL BE MANUFACTURED IN ARGENTINA. ARGENTINA WILL CONSIDER OFFERING TO PURCHASE FROM U.S.S.R. FOR YPF (ARGENTINE NATIONAL OIL COMPANY) FOUR (4) OIL DRILLS FOR DEPTHS TO 6,000 METERS. SOVIET EXPERTS IN ENERGY FIELD WILL TRAVEL TO ARGENTINA AT END OF OCTOBER 1974 TO STUDY POSSIBLITITY OF COLLABORATION IN ENERGY DEVELOPMENT AND ESPECIALLY MIDDLE PARANA PROJECT.

B) COOPERATION IN MARITIME FISHING INDUSTRY: DISCUSSIONS WERE CONTINUED WITH REGARD TO JOINT INVESTIGATION, TRAINING OF PERSONNEL, TECHNICAL ASSISTANCE FOR CONSUTRCTION OF A FISHING PORT, ESTABLISHMENT OF A JOINT OPERATING COMPANY. ARGENTINA REQUESTED THAT USSR IMPORT PRODUCTS OF EXISTING PROVIATE FIRMS IN ADDITION TO THOSE OF JOINT COMPANY. BOTH PARITES EVALUTED PROPOSALS MENTIONED ABOE AND AGREED TO ENGAGE IN INVESTIGATION OF FISH RESOURCES SOUTH OF THE 42ND PARALLEL. IT WAS AGREED THAT WITHIN A PERIOD OF 60 DAYS THERE WOULD BE AN EXCHANGE OF PROJECTS ON JOINT INVESTIGATION PROGRAM AND THE POSSIBLITY OF INITIAL STUDIES COMMENCEING IN 1975.

C) FINANCIAL ASPECTS: THE FOREIGN TRADE BANK OF THE USSR EXPRESSED A WILLINGNESS TO EXAMINE POSSIBLITITY OF CREATING A CONSORTIUM WITH THIRD-COUNTRY BANKS TO FINANCE PART OF LOCAL COSTS RELTATED TO PURCHASE OF MACHINERY AND EQUIPMENT IN USSR, RESULTS OF WHICH WILLL BE DISUCSSED AT EARLY MEETING BETWEEN SOVIET FOREIGN TRADE BANK AND THE CENTRAL BANK OF ARGENTINA.

D) COOPERATION IN FIELD OF FERROUS METALLURGY (SIDERURGIA): STUDY OF POSSIBLE COOPERATION IN IRON SMELTING INDUSTRY WILL BE CONTINUED, WITH SOVIET DELELGATION TO TRAVEL TO BUENOS AIRES IN OCTOBER-NOVMEBER 1974. RESULTS WILL BE INCLUDED IN FERROUS METALLURGY PLAN OF ARGENTINA.

E) CRITICAL ITEMS: IT IS AGREED THAT USSR WILL SUPPLY, ALWAYS UNDER AGREED CONIDTIONS, THE FOLLOWING PRODUCTS:

(CAPROLACTAM), (SODA SOLVAY), (ARRABIO), (PALANQUILLA PARA LAMINAR), MANGANESE, UREA AND FERROCHROME. EFFORT WILL ALSO BE MADE TO RPOVIDE OTHER ITEMS DURING NEXT YEAR.

F) EXPORT OF ARGENTINE PRODUCTS: MEAT: USSR COMMMUNICATED ITS DECISION TO PURCHASE 15,000 TONS DURING 1974, AND 20,000 TO 30,000 TONS PER YEAR DURING NEXT THREE TO FIVE YEARS. USSR MAY ALSO BUY ARGENTINE CANNED MUTTON AND LAMB.

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WINE: 50,000 TO 100,000 TONS OF WINE (A GRANEL) PER YEAR OR ITS EQUIVALENT IN GRAPE PRODUCTS IN 1975 TO 1977 CONFORMING TO QUALITY AND CONDITIONS. THE SOVIET DELEGATION NOTED THAT THESE PURCHASES WILL BE MADE ON CONDITIONS THAT PERMIT PAYMENT UTILIZING EQUIVALENT CREDITS FOR PURCHASES IN USSR. ON CONDITIONS ACCEPTABLE TO USSR MINISTRY OF MACHINERY AND EQUIPMENT (SIC) SOVIETS WILL INCREASE PURCHASES OF FOLLOWING PRODUCTS TOGETHER WITH TRADITIONAL ARGENTINE EXPORTS: FINISHED AND SEMI-FINISHED HIDES, WOOL KNIT PRODUCTS, FRUIT JUICES.

G) SCIENTIFIC-TECHNOLOGICAL COOPERATION: DIFFERENT AREAS OF COMMON INTEREST WERE ESTABLISHED FOR EXCHANGE OF SCIENFITIC AND TECHNICAL INFORMATION. AMONG WHICH ARE: SCIENCE, HOUSING CONSTRUCTION, ENERGY, METALLURGY, METAL (METALICAS) CONSTRUCTION AND FOOD INDUSTRY. DELEGATIONS OF SEIENTISTS AND EXPERTS WILL IMPLEMENT AN EXCHANGE OF JOINT MEETINGS. FIRST WILL TAKE PLACE IN BUENOS AIRES DURING 1975.

3. COMMENT: ARGENTINE EMBASSY SOURCE (EDUARDO FERNANDEZ BESADA) CONFIRMED THAT "AGREEMTN" ON AIR TRANSPORT (WHICH WAS CROSSED OFF COPY OF AGREEMENT HE GAVE TO US) ACTUALLY PROVIDES ONLY FOR MUTUAL AGENCY SERVICES TO SELL TICKETS. ARGENTINE TRAVELERS WILL CONTINUE TO FLY TO ZURICH, CONNECTION THERE WITH AEROFLOT IF DESIRED. FERNANDEZ ALSO NOTED THAT CONTRACT HAD BEEN SIGNED BETWEEN ARGENTINE "JUNTO NACIONAL DE CARNES" AND FTO PRODINTORG FOR DELIVERY IN 1974 OF 12,000 TONS BEEF QUARTERS AT DOLS 1,250 PER TON AND 3,000 TONS OF FRONT QUARTERS AT DOLS 1,000 PER TON (PRICES ARE FOB). SOVIETS TOLD ARGENTINES THAT THIS MEAT WILL BE USED TO BLEND WITH DOMESTIC MEATS, PRESUMABLY IN CANNED PRODUCTS. FERNANADEZ WAS PARTICULARLY INTERESTED IN CURRENT U.S.

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PLANS ON GRAIN SALES TO USSR, AS THIS HAS DIRECT BEARING ON ARGENTINE EXPORT SALES. HE CLAIMED WHEAT PREICES IN ARGENTINA HAVE ALREADY BEEN EFFECTED BY THE U.S. DECISION TO SUSPEND TWO LARGE SALES OF GRAIN TO SOVIETS. IN ANSWER TO QUESTION ABOUT TRAVEL PLANS OF SOVIET GROUPS MENTIONED IN PROTOCOL (ENERGY EXPERTS AND IRON SMELTING), FERNANDEZ SAID NEITHER GROUP HAS FIRM TRAVEL PLANS AT PRESENT AND HE SPECULATED THAT RESIGNATION OF ARGENTINE MINISTER OF ECONOMY GELBARD TWO DAYS AGO MIGHT POSTPONE FURTHER MOVEMENT. HOWEVER, HE SAID RESIGNATION WAS NOT RELATED TO GELBARD'S ROLE IN SOVIET-ARGENTINE COMMERCIAL DEVELOPMENTS.
STOESSEL

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